

Message Text

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ORIGIN ACDA-02

INFO OCT-01 NEA-01 ISO-00 /004 R

66011
DRAFTED BY ACDA/GC:JHMCNEILL:BAC
APPROVED BY ACDA/GC:JLMALONE
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FM SECSTATE WASHDC
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C O N F I D E N T I A L STATE 060996

FOLLOWING REPEATS IAEA VIENNA 1878 ACTION SECSTATE INFO BONN BRASILIA
EC BRUSSELS LONDON MOSCOW OTTAWA PARIS TOKYO USERDA GERMANTOWN
10 MAR

QUOTE C O N F I D E N T I A L IAEA VIENNA 1878

DEPT PASS IO/SCT, OES AND ACDA

TOKYO FOR SCICOUNS

E.O. 11652: GDS
TAGS: IAEA, TECH, PARM, GW, BR
SUBJECT: FRG/BRAZIL/IAEA SAFEGUARDS AGREEMENT

REF: (A) IAEA VIENNA 1483, (B) IAEA VIENNA 1372, (C) STATE
42833, (D) STATE 41782

SUMMARY: THIS MESSAGE DETAILS CONSIDERATION OF THE
SUBJECT AGREEMENT LEADING UP TO ITS APPROVAL BY BOARD
OF GOVERNORS BY CONSENSUS AT MEETING FEBRUARY 24.
IT IS DIVIDED INTO SECTIONS COVERING: (A) PRE-BOARD
CONSULTATIONS; (B) MEETING OF DELS OF LONDON
SUPPLIERS GROUP MORNING FEBRUARY 24; AND (C) BOARD
OF GOVERNORS CONSIDERATION OF AGREEMENT. END SUMMARY.
ACTION REQUESTED: NONE.

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SECTION A: HIGHLIGHTS OF PRE-BOARD CONSULTATIONS RE
SUBJECT SAFEGUARDS AGREEMENT (SOME EVENTS REPORTED
PREVIOUSLY) FOLLOW:

1. PRIOR TO ARRIVAL OF AMBASSADOR TAPE FEBRUARY 13, MISSION CALLED FRG MISSION, AMONG OTHERS, TO SCHEDULE CONSULTATIONS. FRG MISSION REQUESTED CONSULTATION BE DELAYED UNTIL FEBRUARY 23, WHEN LOOSCH, FRG GOVERNOR, WOULD ARRIVE VIENNA.

2. DIRECTOR GENERAL EKLUND ON FEBRUARY 16, INFORMED US THAT FRANCE AS WELL AS USSR HAD PROBLEMS WITH AGREEMENT TEXT.

3. USSR AMBASSADOR EROFEEV IN COURSE TWO-HOUR CONSULTATION LATER SAME DAY, REVIEWED USSR PROBLEMS WITH TEXT AT LENGTH, WITHOUT, HOWEVER, EVEN MENTIONING BERLIN ISSUE.

4. AMBASSADOR BEESLEY, CANADIAN GOVERNOR, INFORMED US DURING CONSULTATION FEBRUARY 19 THAT HE HAD RECEIVED INSTRUCTIONS TO SEEK POSTPONMENT OF CONSIDERATION OF AGREEMENT TO NEXT BOARD MEETING TO PERMIT REVISION OF PROVISIONS CONCERNING (1) NOTIFICATION IN CONNECTION WITH FACILITIES BUILT USING TRANSFERRED TECHNOLOGY AND (2) BEGINNING OF 20-YEAR PERIOD DURING WHICH CONCLUSIVE PRESUMPTION WOULD APPLY. CANADA HAD OTHER PROBLEMS WITH AGREEMENT, SOME OF WHICH RELATED TO SUPPLIERS GUIDELINES.

5. DURING AFTERNOON FEBRUARY 19, FRG MISSION REQUESTED APPOINTMENT FOR NEWLY-ARRIVED FRG RESREP HOFFMANN WITH AMBASSADOR TAPE FOLLOWING MORNING.

6. AMBASSADOR BEESLEY PROVIDED US EARLY FOLLOWING MORNING WITH COPY OF AIDE MEMOIRE HE WOULD BE DELIVERING TO HOFFMAN IN MID-MORNING. FOUR-PAGE AIDE MEMOIRE BEGAN WITH POSITION THAT AGREEMENT SHOULD BE RECONSIDERED BY PARTIES AND SUBMITTED TO NEXT BOARD MEETING AND PROCEEDED TO DETAIL CANADIAN PROBLEMS WITH TEXT, ELABORATING POINTS BEESLEY HAD CONFIDENTIAL

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MENTIONED TO US. AFTER MEETING WITH FRG DEL, BEESLEY CONFIRMED TO US BY PHONE THAT AIDE MEMOIRE HAD BEEN DELIVERED AND THAT FRG DEL HAD RESPONDED WITH SOME EXPLANATIONS.

7. HOFFMANN, FREYTAG AND VON WAGNER (WHO SAID HE HAD BEEN SENT TO VIENNA FOR TWO DAYS FROM LONDON WHERE HE WAS ENGAGED IN CONFERENCE) CALLED ON MISSION IMMEDIATELY FOLLOWING THEIR MEETING WITH BEESLEY. THEY REFERRED TO USSR AS ONLY SOURCE OF DIFFICULTIES WITH TEXT, ATTRIBUTING VARIOUS MOTIVES TO USSR, INCLUDING DELAY FOR SAKE OF SETTING PRECEDENT THAT FRG EXPORTS WERE SUBJECT TO USSR VETO. THEIR

INSTRUCTIONS WERE TO RESIST CHANGES IN TEXT OR POSTPONEMENT OF CONSIDERATION, EVEN BY WEEK OR TWO, AS USSR HAD SUGGESTED TO US. WHEN ASKED ABOUT CANADA, THEY ADMITTED THAT SOME QUESTIONS HAD BEEN RAISED (NO MENTION WAS MADE OF AIDE MEMOIRE) BUT THAT POINTS ADDRESSED COULD BE TAKEN CARE OF WITHOUT, HOWEVER, CHANGING AGREEMENT TEXT, EXCEPT PERHAPS FOR PROVISION DEALING WITH START OF 20-YEAR CONCLUSIVE PRESUMPTION PERIOD WHICH FRENCH HAD ASKED BE CONSIDERED. PRIMARY CONCERN RE FRENCH SUGGESTION WAS THAT DOOR WOULD BE OPENED FOR CHANGES ELSEWHERE IN TEXT AND NO OTHER COULD BE CONSIDERED BY FRG. WHEN ASKED WHETHER FRG DEL HAD CONSULTED USSR DEL RE LATTER'S PROBLEMS AND HOW THEY MIGHT BE RESOLVED, HOFFMANN REPLIED THAT HIS INSTRUCTIONS WERE TO REFRAIN FROM INITIATING CONTACT WITH USSR DEL. WE URGED FRG TO IDENTIFY ALL PROBLEMS OTHER DELS HAD AND TO FIND WAYS, PERHAPS BY EXPLANATORY STATEMENT AT BOARD MEETING, TO PROVIDE ANSWERS. FLEXIBILITY WOULD BE NECESSARY ON THEIR PART, IF THEY HOPED TO GAIN BOARD APPROVAL AT THIS SESSION. FRG DEL INDICATED SOME FLEXIBILITY MIGHT BE POSSIBLE AT BOARD MEETING, BUT EMPHASIZED IMPOSSIBILITY OF POSTPONEMENT, CITING FACT THAT EXPORT LICENSE APPLICATIONS WERE PILING UP, CAUSING CONCERN BY INDUSTRY, AND BRAZIL WAS IMPATIENT TO START. MOST INTRIGUING ARGUMENT WAS FRG CONCERN THAT POLAND WOULD HAVE TO SUPPORT USSR CALL FOR DELAY, WHICH ACTION WOULD JEOPARDIZE
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BUNDESTAG APPROVAL OF FRG-POLAND TRADE TREATY,
ALREADY UNDER FIRE FROM OPPOSITION.

8. LATER THAT DAY, AFTER AMBASSADOR EROFEEV, AT OUR URGING, INITIATED DISCUSSION AT EKLUND LUNCH WITH HOFFMANN, LATTER CALLED AND INFORMED US THAT HE HAD AGREED THAT MEMBER FRG DEL WOULD DISCUSS AGREEMENT WITH MEMBER USSR DEL.

9. FOLLOWING AFTERNOON (SATURDAY), BRAZILIAN AMBASSADOR DE MESQUITA CALLED MISOFF, REQUESTING MEETING SUNDAY MORNING WITH AMBASSADOR TAPE FOR MESSRS CABRAL DE MELO (CHIEF OF ECON SECTION, FONMIN), NOGUIERA BATTISTA (HEAD OF NUCLEBRAS) AND PORENZA (NATIONAL SECURITY COUNCIL ARRIVING THAT EVENING. ACCORDINGLY, AMBASSADOR TAPE, LABOWITZ AND I MET WITH AMBASSADOR DE MESQUITA AND VISITORS FOR TWO HOURS SUNDAY MORNING. DE MELO OPENED DISCUSSION BY INFORMING US THAT HE HAD COME FROM BRASILIA, BY WAY OF BONN, AND HE UNDERSTOOD THAT U.S. DEL WAS PREAPRED TO ASSIST IN GAINING BOARD APPROVAL THIS SESSION, WITH NO CHANGES IN TEXT. AMBASSADOR TAPE REFERRED TO INSTRUCTIONS RECEIVED ONLY PREVIOUS DAY, CALLING FOR U.S. DEL TO JOIN IN CONSENSUS FOR APPROVAL, INDICATING THAT SUCH CONSENSUS WAS NOT YET IN SIGHT IN VIEW

OF PROBLEMS OTHER DELS HAD IDENTIFIED IN COURSE OF OUR CONSULTATIONS. CABRAL DE MELO AND ESPECIALLY NAGUIERA BATTISTA REACTED SHARPLY TO THOSE COMMENTS, EXPRESSING DISAPPOINTMENT AT EVIDENT LACK OF U.S. DEL SUPPORT WHICH SECRETARY KISSINGER HAD ASSURED PRESIDENT OF BRAZIL WOULD BE CASE. U.S. DEL'S ATTITUDE COULD WELL AFFECT U.S.-BRAZIL RELATIONSHIP IN OTHER MATTERS, ETC. AMBASSADOR TAPE PATIENTLY EXPLAINED THAT U.S. DEL WAS TRYING TO HELP BRAZIL, BUT THAT IT WAS UP TO BRAZIL AND FRG, IN FIRST INSTANCE, TO BE PREPARED FURTHER THEIR OWN CAUSE BY GIVING THOUGHT TO WHAT MIGHT BE DONE IN WAY OF EXPLANATIONS AND, IF NECESSARY, TEXTUAL CHANGES TO RESOLVE PROBLEMS DELS, OTHER THAN U.S., HAD WITH AGREEMENT. COMMENT: ATTITUDE OF BRAZILIANS REVEALED TOTAL UNFAMILIARITY OF WAY BUSINESS OF BOARD OF GOVERNORS EFFECTIVELY CONDUCTED. VISITORS HAD NEVER ATTENDED BOARD MEETING; AMBASSADOR DE MESQUITA HAS ONLY BEEN IN VIENNA SIX MONTHS AND HAS LIMITED EXPOSURE TO FUNCTIONING OF BOARD. IT IS NOTEWORTHY THAT BRAZILIAN GOVERNOR, PROF. DE CARVALHO, WHO HAS ATTENDED NUMEROUS BOARD MEETINGS AND PRESUMABLY CONFIDENTIAL

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UNDERSTANDS THEIR DYNAMICS PERFECTLY WELL ARRIVED ONLY MONDAY EVENING. END COMMENT.

10. DURING CONSULTATIONS FEBRUARY 23 MORNING WITH PROF. MOROKHOV, BELOV, AMB. EROFEEV, AND OTHER USSR MISSION STAFF, MOROKHOV REITERATED THAT FRG-BRAZIL AGREEMENT WAS UNACCEPTABLE, BECAUSE OF DEVIATIONS FROM LONDON SUPPLIERS GUIDELINES AND THAT ONE OR TWO WEEKS WOULD BE REQUIRED TO MAKE NECESSARY "CORRECTIONS." AFTER SOME DISCUSSION, AMB. TAPE ASKED WHAT IT WOULD TAKE FOR USSR TO PERMIT IMMEDIATE APPROVAL. MOROKHOV STATED MINIMUM REQUIREMENTS TO BE: A) REFERENCE IN AGREEMENT PREAMBLE TO SAFEGUARDS ON EQUIPMENT, AS WELL AS MATERIAL; B) TWENTY-YEAR PERIOD FOR CONCLUSIVE PRESUMPTION TO BEGIN AT TIME OF INITIAL OPERATION OF RELEVANT FACILITY, AND C) STATEMENT, NOT NECESSARILY IN AGREEMENT, THAT TWO GOVERNMENTS UNDERTAKE TO IMPLEMENT PHYSICAL PROTECTION MEASURES.

11. DURING AFTERNOON FEBRUARY 23 U.S. DEL MET WITH FRG DEL, HEADED BY GOVERNOR LOOSCH (JUST ARRIVED FROM BONN) WHO STARTED OUT (CONTRARY TO INDICATIONS GIVEN BY FRG DEL BEFORE WEEKEND) BY STATING FLATLY THAT NO CHANGE IN TEXT WOULD BE CONSIDERED AND REITERATED DETERMINATION TO AVOID POSTPONEMENT. (THIS HARDENING OF FRG POSITION MAY HAVE RESULTED EITHER FROM FRG-BRAZIL CONSULTATIONS DURING PREVIOUS EVENING OR RESULTS OF BONN'S CONSIDERATION OF EARLIER PROPOSAL BY FRG DEL TO MAKE CHANGE IN RESPONSE FRENCH SUGGESTIONS.) LOOSCH PROCEEDED, HOWEVER, TO STATE FAIRLY WELL-REASONED RESPONSES TO EACH OF PROBLEMS RAISED BY USSR, CANADA AND OTHERS. (MEMBERS OF FRG AND USSR MISSION STAFFS HAD APPARENTLY MET.) WE SUGGESTED THAT IT WOULD BE USEFUL FOR FRG DEL TO

PREPARE STATEMENT FOR PRESENTATION AT BOARD AND TO WORK
OUT WITH BRAZILIANS WHO SHOULD ADDRESS SPECIFIC POINTS.
LOOSCH WAS OPTIMISTIC.

12. DURING EVENING FEBRUARY 23, CANADIAN AMBASSADOR BEESLEY
CALLED MISOFF (FROM FRG DINNER PARTY) URGING THAT ALL
LONDON SUPPLIER GROUP DELS MEET FOLLOWING MORNING, IN ORDER
THAT EACH COULD HEAR OTHER'S POSITION, DIRECTLY, RATHER THAN
THROUGH FRG DEL. IT WAS BEESLEY'S IMPRESSION THAT EACH DEL
RAISING QUESTIONS WAS BEING TOLD THAT IT (ASIDE FROM USSR)
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WAS ONLY ONE DOING SO. FIVE DELS HAD ALREADY AGREED (FRG
RELUCTANTLY) TO MEETING IF U.S. AND USSR WOULD JOIN. IT WAS
AGREED THAT U.S. WOULD HOST MEETING AND INFORM USSR.

SECTION B: MEETING OF LONDON SUPPLIERS GROUP DELEGATIONS

1. AT MEETING MORNING FEBRUARY 24, LOOSCH EXPLAINED SI-
TUATION AS FOLLOWS:

A. TRILATERAL SAFEGUARDS AGREEMENT WAS BASED ON BILATERAL
FRG/BRAZIL AGREEMENT SIGNED IN JUNE. AT THAT TIME LONDON
GUIDELINES COULD NOT HAVE BEEN PRECISELY PREDICTED.

B. NEVERTHELESS, FRG BELIEVED THAT TRILATERAL WAS FULLY
CONSISTENT WITH LONDON GUIDELINES IN EVERY WAY, EXCEPT FOR
START OF 20 YEAR PERIOD. (HE NOTED THAT, IN OTHER WAYS,
E.G., SAFEGUARDS COVERAGE OF ALL TECHNOLOGY, NOT JUST
SENSITIVE TECHNOLOGY, IT GOES BEYOND GUIDELINES.)

C. TRILATERAL WAS NOT APPROPRIATE VEHICLE FOR PURSUING ALL
POINTS OF GUIDELINES. FOR EXAMPLE, PHYSICAL SECURITY UNDER-
TAKINGS ARE INCLUDED IN BILATERAL AGREEMENT. ALSO, SENSITIVE
TECHNOLOGIES (ENRICHMENT AND REPROCESSING) WILL BE PURSUED
BY JOINT VENTURES. THIS WILL PERMIT FRG TO APPLY 20 PERCENT
LIMITATION ON ENRICHMENT LEVEL.

D. AS STATEMENT OF FRG POLICY, LOOSCH ASSURED OTHERS THAT
1) FRG DOES ACCEPT GUIDELINES, AND 2) SUBJECT AGREEMENT WILL
BE APPLIED AND ADAPTED, TO EXTENT LEGALLY POSSIBLE, IN
CONFORMITY WITH GUIDELINES AND WITH ANY SUBSEQUENT SAFE-
GUARDS IMPROVEMENT. IN THIS CONNECTION, BILATERAL REFERS TO
TRANSFER BEING SUBJECT TO EXPORT LICENSING REGULATIONS OF
SUPPLYING GOVERNMENT. HE ALSO GAVE CATEGORIC ASSURANCE THAT
ANY FUTURE AGREEMENT RE FRG EXPORTS WOULD CONFORM STRICTLY
TO GUIDELINES.

2. MOROKHOV (USSR), AT BEGINNING OF MEETING, MADE TOUGH
STATEMENT THAT EVEN AFTER LISTENING TO FRG EXPLANATION,
HE HAD COME TO CLEAR CONCLUSION THAT TRILATERAL WAS NOT
SATISFACTORY REALIZATION OF LONDON GUIDDLINES. HE SAW DE-

FICIENCIES IN LACK OF MENTION OF EQUIPMENT AND FACILITIES IN
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PREAMBLE, IN START OF 20 YEAR PERIOD, IN PHYSICAL PROTECTION
PROVISION, IN RETRANSFER PROVISION. HE STATED THAT CON-
SULTATION PROVISION IN LONDON GUIDELINES HAD NOT BEEN OBSERVED.
MOROKHOV SAID TEXTUAL CHANGES WERE REQUIRED, THAT BG RECORD
WAS NOT ADEQUATE WAY TO CLARIFY THESE MATTERS, AND THAT USSR
WAS READY TO RETURN TO THE QUESTION IN A "WEEK OR TWO."

3. THOMSON (UK), DENAZELLE (FRANCE) AND BEESLEY (CANADA)
COMMENTED ON IMPORTANCE OF CLARIFYING VARIOUS PROVISIONS AND
FRG POLICIES. THESE RELATED, INTER ALIA, TO DEFINITION
OF TECHNOLOGY, TO COVERAGE OF HEAVY WATER PRODUCTION TECH-
NOLOGY AND TO NOTIFICATION OF CONSTRUCTED FACILITIES. DURING
LENGTHY DISCUSSION IT BECAME CLEAR THAT EACH OF UK, FRANCE
AND CANADA WANTED CERTAIN CLARIFICATIONS. KATORI (JAPAN), IN
ONLY INTERVENTION, SAID IT WOULD BE DESIRABLE TO AVOID DELAY
OR ACrimonious BG DEBATE ON THIS ITEM WHICH WOULD DRAW
ATTENTION TO SUPPLIERS' DIFFERENCES AND WOULD BE EMBARRASSING
TO GOJ WITH NPT UNDER PARLIAMENTARY CONSIDERATION. JAPAN
FAVORED APPROVAL, WITH CLARIFICATIONS IN BOARD STATEMENTS.

4. U.S. REPS (TAPE, STONE, BENGELSDORF) SAID U.S. FAVORED
APPROVAL, THAT ALTHOUGH TEXT NOT IDEAL, FRG HAD MADE "BEST
EFFORT," AND THAT PROPOSED FRG CLARIFYING STATEMENTS OF POLICY
WERE HELPFUL. SOME SUCH STATEMENTS COULD BE MADE AT BOARD;
OTHERS WOULD BE MORE APPROPRIATELY INCLUDED IN PRIVATE COM-
MUNICATIONS TO OTHER SUPPLIERS.

5. CONSENSUS (FINALLY INCLUDING MOROKHOV) WAS REACHED, DUE
LARGELY TO EFFORTS BY BENGELSDORF, THAT AGREEMENT SHOULD BE
APPROVED BY BG, WITH CLARIFICATIONS TO BE MADE IN STATE-
MENTS BY DIRECTOR GENERAL EKLUND, FRG AND BRAZIL, AND THAT
FRG WOULD COMMUNICATE TO OTHER SIX GOVERNMENTS CERTAIN OF
FOREGOING CLARIFICATIONS AND POLICY STATEMENTS IN FORM OF
"AGREE SUMMARY" OF THIS DISCUSSION. SUCH SUMMARY WOULD NOT
BE NEGOTIATED WORD-BY-WORD AND NO RESTATEMENT OF GENERAL
ADHERENCE TO GUIDELINES WAS NECESSARY TO BE INCLUDED.

SECTION C: BOARD OF GOVERNORS MEETING

1. AT BOARD MEETING FEBRUARY 24, DIRECTOR GENERAL EKLUND
OPENED DISCUSSION SUBJECT AGREEMENT. HIS STATEMENT NOTED
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PROVISIONS RE TRANSFERRED TECHNOLOGY WHICH TOOK ACCOUNT OF
PRINCIPLE, ENDORSE PREVIOUSLY BY BOARD IN APPROVING FRANCE-
ROK TRILATERAL IN SEPTEMBER 1975, THAT, IF RECIPIENT COUNTRY
NOT PARTY TO NPT, SUPPLIER COUNTRY SHOULD ACCEPT REASONABLE

DEGREE OF RESPONSIBILITY FOR ENSURING AGENCY WAS NOTIFIED OF PLANT OR OTHER ITEMS DERIVING FROM INFORMATION TRANSFERRED, SO THAT SAFEGUARDS COULD BE EFFECTIVELY APPLIED TO SUCH PLANT, ETC. HE EMPHASIZED THAT PROVISION OF LIMITED PERIOD FOR CONCLUSIVE PRESUMPTION WAS ADDITIONAL TO BASIC OBLIGATIONS OF GOVERNMENTS CONCERNED THAT ALL ITEMS DERIVED FROM TRANSFERRED TECHNOLOGY MUST BE SUBJECT TO TERMS OF AGREEMENT, WITHOUT TIME LIMIT. OBLIGATION OF RECIPIENT TO NOTIFY AGENCY PROMPTLY OF ANY SUCH ITEM ALSO WAS WITHOUT TIME LIMIT AND CONTINUES AS LONG AS AGREEMENT IN FORCE, AS IS CASE OF OBLIGATION OF SUPPLYING GOVERNMENT TO TAKE STEPS TO NOTIFY AGENCY IF IT CONSIDERS THAT TECHNOLOGY IT TRANSFERRED WAS BEING USED IN RECIPIENT COUNTRY. AGREEMENT ALSO PROVIDED FOR APPLICATION OF SAFEGUARDS IN THIRD COUNTRIES IN RELATION TO RE-EXPORT OF TECHNOLOGY.

2. BRAZIL (DE CARVALHO) THEN MADE STATEMENT, NOTING IMPORTANCE ATTACHED TO AGREEMENT IN LIGHT OF LAUNCHING OF SUBSTANTIAL NUCLEAR POWER PROGRAM, WITH FIRST STAGE COMPRISING TEN THOUSAND MEGAWATTS OF LIGHT WATER REACTORS, WITH FIRST STATIONS OPERATING IN EARLY 1980'S. BRAZIL SHOULD MAKE EFFORTS IN ALL STAGES OF FUEL CYCLE CORRESPONDING TO ENVISAGED REACTOR CAPACITY. FOR WELL-KNOWN REASONS, BRAZIL WAS NOT PARTY TO NPT BUT STRONGLY CONDEMNED NUCLEAR WEAPONS AND THEIR PROLIFERATION. BRAZIL HAD RATIFIED TREATY OF TLAPELOLCO, WHICH NOT ONLY BANNED PRODUCTION OF NUCLEAR WEAPONS BUT ALSO THEIR POSSESSION AND PRESENCE. DURING CONSULTATIONS ON FRG-BRAZIL-IAEA AGREEMENT, CERTAIN DELS HAD INDICATED THAT VARIOUS POINTS CALLED FOR CLARIFICATION. MAIN CHARACTERISTIC OF TRILATERAL AGREEMENT WAS RECIPROCITY, AS CONSEQUENCE OF FRG-BRAZIL BILATERAL AGREEMENT FOR COOPERATION. TEXT OF TRILATERAL BASED UPON INFCIRC/66 REV. 2 AND LATEST DEVELOPMENTS, INCLUDING GOV/1621 AND AGREEMENTS RECENTLY APPROVED BY BOARD. ACCORDINGLY, DURATION OF TRILATERAL WAS RELATED TO PERIOD OF ACTUAL USE OF ITEM TRANSFERRED AND CORRESPONDING OBLIGATION TO NOTIFY AGENCY WOULD REMAIN IN FORCE FOR DURATION OF AGREEMENT. TRANSFER OF TECHNOLOGICAL INFORMATION, WHETHER DIRECTLY OR INDIRECTLY, IS COVERED. DURING TWENTY-YEAR PERIOD AFTER FIRST TRANSFER OF TECHNOLOGICAL INFORMATION, IT WOULD BE ASSUMED THAT RECIPIENT STATE HAD MADE USE OF THAT INFORMATION IF IT DESIGNED, CONSTRUCTED OR OPERATED ANY INSTALLATION OR EQUIPMENT BASED ON SAME OR ESSENTIALLY SAME CHEMICAL OR PHYSICAL PROCESSES AS THOSE TRANSFERRED. THAT PROVISION INTENDED TO AVOID DISPUTES AND DOES NOT AFFECT DURATION OF GENERAL OBLIGATION OF STATE TO NOTIFY AGENCY OR RIGHT OF LATTER TO APPLY SAFEGUARDS. BASIC INTERPRETATION OF ARTICLES TWO AND FOUR WOULD ALWAYS PREVAIL. TRANSFER OF BOTH HARDWARE AND SOFTWARE (TECHNOLOGICAL INFO) IS SUBJECT TO SAME NOTIFICATION PROCEDURE. TRANSFERRING STATE OBLIGED GIVE NOTIFICATION RE ANY ITEM LEAVING ITS TERRITORY.

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TORY. RECIPIENT STATE OBLIGED NOTIFY AGENCY OF USE IN ITS JURISDICTION OF TRANSFERRED TECHNOLOGICAL INFORMATION, WITH SPECIAL PROVISION PLACING "DUTY" ON SUPPLYING STATE TO REQUEST CONSULTATIONS WHENEVER IT HAD REASON TO BELIEVE RECIPIENT HAD MADE USE OF SUCH INFO. AS INDICATION OF BRAZIL'S FLEXIBILITY, AGREEMENT PROVIDES FOR ACCEPTANCE OF ANY ADDITIONAL PROCEDURES BOARD MIGHT FIND NECESSARY RE SAFEGUARDS FOR URANIUM ENRICHMENT PLANTS. RE SCOPE OF BASIC UNDERTAKING IN ARTICLE FOUR, TRILATERAL WAS CONSISTENT WITH INFCIRC/66 AND SUBSEQUENT DEVELOPMENTS IN APPLICATION OF SAFEGUARDS. OBJECTIVE OF SAFEGUARDS WAS NUCLEAR MATERIAL AND AGENCY'S RIGHT OF INSPECTION AND ACCESS TO ALL FACILITIES AND EQUIPMENT IN ORDER TO DISCHARGE ITS RESPONSIBILITIES OF SAFEGUARDING NUCLEAR MATERIAL WERE FULLY ASSURED, AS RECOGNIZED INTER ALIA IN ARTICLES FOUR AND 15.2. FINALLY, SINCE TRILATERAL REFLECTS PARTICULAR FEATURE OF FRG-BRAZIL BILATERAL AND CIRCUMSTANCES UNDER WHICH LATTER HAD BEEN NEGOTIATED, TRILATERAL COULD NOT RPT NOT BE REGARDED AS A STANDARD AGREEMENT.

3. FRG (LOOSCH) THEN MADE STATEMENT REPEATING MOST OF POINTS MADE BY DE CARVALHO STRESSING IN PARTICULAR RECIPROCAL NATURE OF UNDERTAKINGS AND "PRINCIPLE" THAT EACH COUNTRY SHOULD BE RESPONSIBLE FOR NOTIFYING AGENCY RE WHAT OCCURRED IN ITS OWN TERRITORY. HE EMPHASIZED THAT AGREEMENT CONCERNED ONLY APPLICATION OF SAFEGUARDS AND NOT COMMERCIAL ASPECTS OF TRANSFERS. PROVISION IN ARTICLE 19 RE CONFIDENTIAL

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PHYSICAL PROTECTION WAS NOVEL, THOUGH DETAILED ARRANGEMENTS WERE SET OUT IN BILATERAL. DESPITE NEW ELEMENTS IN TRILATERAL, IT WAS STILL IMPERFECT; WHILE MARKING GREAT STEP FORWARD, IT MIGHT NOT BE FINAL WORD IN HISTORY OF AGENCY SAFEGUARDS.

4. BANGLADESH (AT GREAT LENGTH) HOPED BRAZIL WOULD BECOME NPT PARTY, HAD DOUBTS ABOUT LEGALITY OF PROVISIONS RE TRANSFER OF TECHNOLOGY, BUT SUPPORTED APPROVAL. EACH OF GOVERNORS FROM ARGENTINA, CHILE, TURKEY, URUGUAY, COLOMBIA, SOUTH AFRICA, ITALY, INDIA, IRAQ, SPAIN, ZAIRE, VENEZUELA, INDONESIA, LIBYA, JAPAN, FRANCE AND AUSTRALIA SPOKE DURING COURSE OF DISCUSSIONS IN SUPPORT OF APPROVAL (IN REMARKABLE DISPLAY OF RESULTS, WE ASSUME, OF BRAZILIAN SOLICITATION IN CAPITALS).

5. UK (HERZIG) WAS PREPARED SUPPORT APPROVAL, BUT IT WAS CLEAR THAT CONCEPT OF SAFEGUARDS AGREEMENT WAS TAKING NEW DIRECTION RE TRANSFER OF TECHNOLOGICAL INFO, PREPARING WAY FOR PROGRESSIVE EVOLUTION OF SAFEGUARDS.

6. NETHERLANDS (BOT) BELIEVED PROVISIONS OF AGREEMENT WERE SATISFACTORY.

7. U.S. (TAPE) ASSOCIATED WITH PREVIOUS SPEAKERS IN SUPPORTING APPROVAL, WELCOMED POSITIVE ASPECTS, BUT REMINDED THAT APPROVAL DID NOT NECESSARILY IMPLY USG APPROVAL OF EACH OF TRANSFERS TO WHICH AGREEMENT RELATED.

8. USSR (MOROKHOV) SAID AGREEMENT HAD GIVEN RISE TO NUMBER OF DIFFICULTIES BUT EXPLANATIONS BY FRG AND BRAZIL HAD ELIMINATED THEM. USSR NEVERTHELESS OPPOSED PROVISION EXTENDING APPLICATION OF AGREEMENT TO WEST BERLIN. ACCORDING TO QUADRIPARTITE AGREEMENT OF SEPTEMBER 3, 1971, FRG COULD NOT EXTEND AGREEMENT INVOLVING SECURITY MATTERS TO BERLIN. USSR HAD ALREADY ADDRESSED COMMUNICATIONS TO THREE POWERS COMPETENT RE SECURITY AND STATUS OF CONFIDENTIAL

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WEST BERLIN. RE OTHER PROVISIONS OF TRILATERAL, WHILE FRG AND BRAZIL EXPLANATIONS AND STATEMENTS HAD DISPELLED USSR OBJECTIONS, AGREEMENT WAS NOT RPT NOT ENTIRELY FAULTLESS AND SHOULD NOT RPT NOT BE TAKEN AS MODEL.

9. GDR (SITZLACK) ENDORSED OBJECTIONS EXPRESSED BY USSR.

10. CANADA (BEESLEY) THANKED DIRECTOR GENERAL, FRG AND BRAZIL FOR EXPLANATIONS, WHICH ENABLED HIS GOVERNMENT TO WITHDRAW ITS RESERVATIONS AND SUPPORT AGREEMENT, WHICH CONTAINED NUMEROUS POSITIVE FEATURES IN SPITE OF ITS IMPERFECTIONS.

11. U.S. (TAPE), REFERRING TO ARTICLE 26 OF AGREEMENT, MADE STATEMENT ON BEHALF OF FRANCE, UK AND U.S. PER BONN 2744. COMMENT: AT ITS REQUEST, MISSION PROVIDED USSR MISSION WITH COPY OF U.S. STATEMENT; SOVIETS SUBSEQUENTLY TOLD MISOFF THEY WERE "PLEASED" WITH IT. END COMMENT.

12. AFTER BRIEF STATEMENT BY FINAL SPEAKER (FURLONGER, AUSTRALIA) IN SUPPORT OF AGREEMENT, CHAIRMAN IRAOLAGOITIA (ARGENTINA) DECLARED THAT CONSENSUS OF BOARD WAS THE DIRECTOR GENERAL BE AUTHORIZED TO CONCLUDE AND IMPLEMENT AGREEMENT. STONE UNQUOTE INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 15 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR AGREEMENTS, AGREEMENT DRAFT, MEETINGS, NUCLEAR SAFEGUARDS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE060996
Document Source: ADS
Document Unique ID: 00
Drafter: ACDA/GC:JHMCNEILL:BAC
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D760095-0470
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197603116/baaaeois.tel
Line Count: 485
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN ACDA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 23 OCT 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 OCT 2003 by GarlanWA>; APPROVED <04 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRG/BRAZIL/IAEA SAFEGUARDS AGREEMENT
TAGS: TECH, PARM, GE, BR, IAEA
To: DACCA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006